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**Introduced by Senator Denham**

February 16, 2010

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An act to add Sections 17053.81 and 23623.3 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1056, as introduced, Denham. Income taxes: hiring credit: veterans.

The Personal Income Tax Law and the Corporation Tax Law authorize various credits against the taxes imposed by those laws, including a credit for an increase in qualified employees of a qualified employer.

This bill would, under both laws, for taxable years beginning on and after January 1, 2010, allow a credit in an amount equal to 25% of the wages, not to exceed \$6,000, paid to each qualified veteran, as defined, by the taxpayer during the taxable year.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17053.81 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17053.81. (a) For each taxable year beginning on or after
- 4 January 1, 2010, there shall be allowed a credit in the amount
- 5 specified in subdivision (b) against the "net tax," as defined by
- 6 Section 17039, to a taxpayer who employs a qualified veteran
- 7 during the taxable year.

1 (b) The credit amount shall be 25 percent of the wages, not to  
2 exceed six thousand dollars (\$6,000), paid to each qualified veteran  
3 by the taxpayer during the taxable year.

4 (c) For purposes of this section, “qualified veteran” means a  
5 member of the Armed Forces of the United States who has been  
6 honorably discharged from service within the five calendar years  
7 preceding employment by the taxpayer, who received  
8 unemployment compensation within California for not less than  
9 four weeks within the 12 calendar months preceding the date of  
10 employment by the taxpayer, and who is employed by the taxpayer  
11 for at least 120 hours during the taxable year in which the credit  
12 is claimed.

13 (d) The credit allowed by this section shall be decreased by the  
14 amount of any other credit or deduction that the taxpayer may  
15 otherwise claim pursuant to this part with respect to qualified  
16 wages or qualified employees.

17 (e) In the case where the credit allowed under this section  
18 exceeds the “net tax,” the excess may be carried over to reduce  
19 the “net tax” in the following year, and succeeding years if  
20 necessary, until the credit has been exhausted.

21 SEC. 2. Section 23623.3 is added to the Revenue and Taxation  
22 Code, to read:

23 23623.3. (a) For each taxable year beginning on or after  
24 January 1, 2010, there shall be allowed a credit in the amount  
25 specified in subdivision (b) against the “net tax,” as defined by  
26 Section 23036, to a taxpayer who employs a qualified veteran  
27 during the taxable year.

28 (b) The credit amount shall be 25 percent of the wages, not to  
29 exceed six thousand dollars (\$6,000), paid to each qualified veteran  
30 by the taxpayer during the taxable year.

31 (c) For purposes of this section, “qualified veteran” means a  
32 member of the Armed Forces of the United States who has been  
33 honorably discharged from service within the five calendar years  
34 preceding employment by the taxpayer, who received  
35 unemployment compensation within California for not less than  
36 four weeks within the 12 calendar months preceding the date of  
37 employment by the taxpayer, and who is employed by the taxpayer  
38 for at least 120 hours during the taxable year in which the credit  
39 is claimed.

1 (d) The credit allowed by this section shall be decreased by the  
2 amount of any other credit or deduction that the taxpayer may  
3 otherwise claim pursuant to this part with respect to qualified  
4 wages or qualified employees.

5 (e) In the case where the credit allowed under this section  
6 exceeds the “net tax,” the excess may be carried over to reduce  
7 the “net tax” in the following year, and succeeding years if  
8 necessary, until the credit has been exhausted.

9 SEC. 3. This act provides for a tax levy within the meaning of  
10 Article IV of the Constitution and shall go into immediate effect.